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C O N F I D E N T I A L SECTION 01 OF 02 MUSCAT 000383

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SUBJECT: OMANI ENVOY SAYS IRAN READY FOR DIALOG WITH THE U.S.,
ADVISES EXPLOITING IRANIAN VULNERABILITIES

REF: MUSCAT 78

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CLASSIFIED BY: Gary A. Grappo, Ambassador; REASON: 1.4(B), (D)

Summary

1. (C)Sultan Qaboos' Special Envoy to Iran and Advisor for Cultural Affairs, Abdul `Aziz al Rowas, told the Ambassador April 25 that Iran is ready to begin a quiet dialog "at a lower level" with the U.S. Al Rowas advised the U.S. that as we advance in our efforts to engage with Iran, we remember that "they live in a house with lots of glass windows" and that such vulnerabilities provide opportunities for the U.S. to exploit. He also noted key areas in which the Iranians would be eager to cooperate with us, e.g., eliminating the Taliban in Afghanistan, restoring stability in Pakistan, ensuring a moderate and non-threatening India, and interdiction of narcotics trafficking. But, he warned that we should expect to encounter resistance from other Gulf States, whose fears of Iran actually reflect their concerns for their own persecuted domestic Shi'a populations. Al Rowas also shared his insights on the upcoming presidential elections in Iran.

2. (C)The former minister claimed that progress in resolving the Israeli-Palestinian conflict would bolster our efforts to contain Iranian interference in Lebanon, Syria and the Palestinian Territories. He also commended President Obama for "walking the talk" on both Iran as well as Middle East peace. End Summary.

Iran Is Ready

3. (C)The former Information Minister said that despite his earlier advice (reftel), the U.S. should look for a way to initiate direct dialog with the Iranians now. "They are ready and want to start, and you should not wait." He said Tehran would want to keep talks at a "lower level" for now and avoid public attention. As to what had changed his mind, Al Rowas said he thinks the Iranians probably are encouraged by what they have been hearing from the U.S. and may feel the U.S. administration "can be trusted" to begin a sincere dialog.

On Negotiating with Iran: "A House with Lots of Glass Windows"

4. (C)Al Rowas advised carefully assessing Iran, its historic interests in the region and, most of all, its vulnerabilities. For centuries, he said, Iran's focus had been toward Central and South Asia, and not the Gulf. "The best thing you can do is get them to turn their back on the Gulf again," i.e., provide assurances that they are not threatened in the Gulf and Indian Ocean. He also repeated a warning he reportedly made when he met with Iranian officials last December that "you (Iran) live in a house with lots of glass windows." Iran faces many serious challenges at present, e.g., an ailing economy, diverse and quarrelsome ethnic and religious

minorities, a population largely in favor of greater interaction with the West, instability along its borders, and growing environmental problems. The U.S. can have an impact "in all of these" and should come to the table prepared to use Iran's exposure in these areas to its advantage.

15. (C)Two areas are especially important to Iran at present: the U.S. freeze on Iranian assets and the gas pipeline from Turkmenistan. These are of immense interest to the Iranians, he said, and would be useful bargaining tools for the U.S. He also identified Iran's growing dependence on gasoline imports -- "now more than 60%" -- and its limited supply of water, most of which is sourced in Central Asia. "You have many more bargaining tools with them than they have against you; use all of them," he strongly advised. He noted that Iran had exploited U.S. vulnerabilities in Lebanon and increasingly among the Palestinians, but "your tools impact directly Iran's interests."

And Shared Interests, Too

16. (C)The U.S. and Iran share interests, too, and the Iranians understand that the U.S. can help them. For example, Iran adamantly opposes the Taliban in Pakistan and Afghanistan and can be "your most effective ally" in fighting the Taliban. They are ready to cooperate immediately, he said. Similarly, on stability in Pakistan and elsewhere in Central Asia, narcotics interdiction, and regional environmental challenges, Iran shares interests with the U.S. Iran also fears India's growing power and influence in the region; closer ties with the U.S. would allay some of those concerns. "They don't like to admit these things, but they need you in the region."

Arabs Must Reevaluate Policies toward Domestic Shi'a

17. (C)Al Rowas admitted that Oman sees dealing with Iran differently than most of its Gulf Arab neighbors. Their concerns about Iran actually reflect insecurities about their respective domestic Shi's populations, whom they have effectively excluded from public life.

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He cited Shi'a in Bahrain and Saudi Arabia as facing especially recalcitrant governments unwilling to include them or even give them proper recognition. Better treatment of their Shi'a populations by these governments would eliminate any perceived exposure to Iran, he argued. Echoing recent comments made by Sultan Qaboos, Al Rowas said Arab governments must stop using religion as an issue between them and Iran. "It's a no-win approach; let's judge them by their actions and leave religion out of it." He commended the U.S. for omitting religion from its other many criticisms of Tehran and urged us to continue. "Religion is non-negotiable for them; everything else is open for discussion."

Ahmadinejad Still Favored to Win

18. (C)Al Rowas said he met and spoke at length with former Iranian President Khatami at the recent Istanbul conference. The former president admitted that he really had had no intention of actually running for president again but had felt the need to "keep the field balanced" via a vis the conservatives until a stronger moderate candidate could come forth. Mir Hossein Mousavi is a credible moderate and "should do well." However, he said, at this juncture, because he is largely unknown among Iran's large youth population, Mousavi faces an uphill struggle. Also, the candidacy of former parliamentary speaker Mehdi Karroubi could spoil his support among moderates. On the conservative side, the rumored candidacy of former IRGC chief Mohsen Rezai is unlikely to harm Ahmadinejad, who still enjoys considerable support among the IRGC and even the bazaaris.

19. (C)On the other hand, he advised watching the charitable organizations and their religious patrons, whose influence in Iran and among the electorate rivals that of the IRGC. He noted that the presence of two candidates on either side is probably what the Supreme Leader prefers in order to ensure no single candidate acquires "too much" support. He also commented that Khamanei appears to be working to shore up his support among the IRGC and Qom-based charitable organization heads. For now, said Al Rowas, Ahmadinejad continues to enjoy the Supreme Leader's

support and remains the candidate to beat.

Addressing Israeli-Palestinian Conflict Strengthens Iran Dialog

¶10. (C)Al Rowas urged the U.S. to step up its pressure on the Israelis to get them to take steps to improve conditions for Palestinians. In particular, he said, securing Israeli reassurances on the two-state solution, halting Israeli settlement activity and creating greater economic opportunities should be out top priorities. He emphasized that progress on the Israeli-Palestinian front would strengthen our hand in discussions with the Iranians, who heretofore had succeeded in exploiting our failures and capitalizing on Palestinian and greater Arab frustration with our efforts. This had been an "American vulnerability," he said, which the U.S. can now address and thereby significantly improve its bargaining status with Tehran.

President Obama "Walking the Talk"

¶11. (C)Al Rowas said the President has shown that he can "walk the talk" of his campaign promises on Iran and the Middle East. Arabs are optimistic, although the President faces enormous challenges. But the President's actions to date have been encouraging and raised the image of the U.S. in the region.

Comment

¶12. (C)Al Rowas has been among the most skeptical of Omani senior officials regarding U.S. dialog with Iran. Other than his conversation with Khatami in Istanbul, itbs unclear what may have changed his mind. Oman is very keen to see lowered tensions in the region over Iran and senior MFA officials have always argued for direct dialog between Washington and Tehran. From the Omani perspective, getting the U.S. to open a dialog now, as opposed to after the Iranian presidential elections, seems to be the quickest way for them to achieve what they want.
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